Internal Revenue
bulletin

Bulletin No. 1999–42
October 18, 1999

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

SPECIAL ANNOUNCEMENT

Announcement 99–99, page 522.

The Twelfth Annual Institute on Current Issues in International Taxation, co-sponsored by the Service and George Washington University, will be held December 9 and 10, 1999, at the J.W. Marriott Hotel in Washington, DC.

INCOME TAX

Rev. Rul. 99–43, page 506.

Partnership allocations; cancellation of nonrecourse indebtedness. This ruling provides guidance on the substantiality of special allocations made by amendments to a partnership agreement after the events giving rise to the specially allocated items have occurred.

ADMINISTRATIVE

Rev. Proc. 99–36, page 509.

Insurance companies; loss reserves; discounting unpaid losses. The loss payment patterns and discount factors are set forth for the 1999 accident year. These factors will be used for computing discounted unpaid losses under section 846 of the Code.

Rev. Proc. 99–37, page 517.

Insurance companies; discounting estimated salvage recoverable. The salvage discount factors are set forth for the 1999 accident year. These factors will be used for computing estimated salvage recoverable under section 832 of the Code.

Announcement 99–95, page 520.

The Service has determined that October 1, 1999, is not a “cut-off” date and 1999 is not a “cut-off” year for the Medical Savings Accounts (MSAs) pilot project.

Announcement 99–98, page 520.

This announcement informs taxpayers about Appeals Customer Service Representatives by listing their duties, office locations, and telephone numbers.

Announcement 99–100, page 522.

This document contains corrections to T.D. 8825, 1999–28 I.R.B. 19, relating to limitations on net operating loss carryovers and certain built-in losses following an ownership change of a corporation.

Actions Relating to Court Decisions is on the page following the Introduction.
Finding Lists begin on page ii.

Department of the Treasury
Internal Revenue Service

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.
This part is divided into two subparts as follows: Subpart A, Tax Conventions, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The first Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the first Bulletin of the succeeding semiannual period, respectively.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Actions Relating to Court Decisions

It is the policy of the Internal Revenue Service to announce at an early date whether it will follow the holdings in certain cases. An Action on Decision is the document making such an announcement. An Action on Decision will be issued at the discretion of the Service only on unappealed issues decided adverse to the government. Generally, an Action on Decision is issued where its guidance would be helpful to Service personnel working with the same or similar issues. Unlike a Treasury Regulation or a Revenue Ruling, an Action on Decision is not an affirmative statement of Service position. It is not intended to serve as public guidance and may not be cited as precedent.

Actions on Decisions shall be relied upon within the Service only as conclusions applying the law to the facts in the particular case at the time the Action on Decision was issued. Caution should be exercised in extending the recommendation of the Action on Decision to similar cases where the facts are different. Moreover, the recommendation in the Action on Decision may be superseded by new legislation, regulations, rulings, cases, or Actions on Decisions.

Prior to 1991, the Service published acquiescence or nonacquiescence only in certain regular Tax Court opinions. The Service has expanded its acquiescence program to include other civil tax cases where guidance is determined to be helpful. Accordingly, the Service now may acquiesce or nonacquiesce in the holdings of memorandum Tax Court opinions, as well as those of the United States District Courts, Claims Court, and Circuit Courts of Appeal. Regardless of the court deciding the case, the recommendation of any Action on Decision will be published in the Internal Revenue Bulletin.

The recommendation in every Action on Decision will be summarized as acquiescence, acquiescence in result only, or nonacquiescence. Both "acquiescence" and "acquiescence in result only" mean that the Service accepts the holding of the court in a case and that the Service will follow it in disposing of cases with the same controlling facts. However, "acquiescence" indicates neither approval nor disapproval of the reasons assigned by the court for its conclusions; whereas, "acquiescence in result only" indicates disagreement or concern with some or all of those reasons. "Nonacquiescence" signifies that, although no further review was sought, the Service does not agree with the holding of the court and, generally, will not follow the decision in disposing of cases involving other taxpayers. In reference to an opinion of a circuit court of appeals, a "nonacquiescence" indicates that the Service will not follow the holding on a nationwide basis. However, the Service will recognize the precedential impact of the opinion on cases arising within the venue of the deciding circuit.

The Actions on Decisions published in the weekly Internal Revenue Bulletins are consolidated semiannually and annually. The semiannual consolidation appears in the first Bulletin for July and in the Cumulative Bulletin for the first half of the year, and the annual consolidation appears in the first Bulletin for the following January and in the Cumulative Bulletin for the last half of the year.

The Commissioner ACQUIESCES in result only in the following decision:

William and Helen Woodral v. Commissioner,[1]
112 T.C. 19 (1999)

[1] Acquiescence in result only as to whether the Tax Court lacks jurisdiction to review the Internal Revenue Service's denial of petitioner's claim for abatement of interest on employment taxes arising under I.R.C. section 6404(a), i.e., whether the Court's jurisdiction is limited to reviewing the denial of claims brought under section 6404(e).

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 108.—Income From Discharge of Indebtedness

26 CFR 1.108–1(a)(1): Income from discharge of indebtedness.

Do allocations of cancellation of indebtedness income to an insolvent partner lack substantiality under § 1.704–1(b)(2)(iii) of the Income Tax Regulations when the partners amend the partnership agreement to create offsetting special allocations of particular items after the events giving rise to the items have occurred? See Rev. Rul. 99–43, on this page.

Section 704.—Partner's Distributive Share

26 CFR 1.704–1: Determination of partner's distributive share.

26 CFR 1.704–2: Allocations attributable to nonrecourse liabilities.
(Also Part 1, section 108; 1.108–1(a)(1).)

Partnership allocations; cancellation of nonrecourse indebtedness. This ruling provides guidance on the substantiality of special allocations made by amendments to a partnership agreement after the events giving rise to the specially allocated items have occurred.

Rev. Rul. 99–43

ISSUE

Do partnership allocations lack substantiality under § 1.704–1(b)(2)(iii) of the Income Tax Regulations when the partners amend the partnership agreement to create offsetting special allocations of particular items after the events giving rise to the items have occurred?

FACTS

A and *B*, both individuals, formed a general partnership, *PRS*. *A* and *B* each contributed $1,000 and also agreed that each would be allocated a 50-percent share of all partnership items. The partnership agreement provides that, upon the contribution of additional capital by either partner, *PRS* must revalue the partnership's property and adjust the partners' capital accounts under § 1.704–1(b)(2)(iv)(*f*).

PRS borrowed $8,000 from a bank and used the borrowed and contributed funds to purchase nondepreciable property for $10,000. The loan was nonrecourse to *A* and *B* and was secured only by the property. No principal payments were due for 6 years, and interest was payable semi-annually at a market rate.

After one year, the fair market value of the property fell from $10,000 to $6,000, but the principal amount of the loan remained $8,000. As part of a workout arrangement among the bank, *PRS*, *A*, and *B*, the bank reduced the principal amount of the loan by $2,000, and *A* contributed an additional $500 to *PRS*. *A*'s capital account was credited with the $500, which *PRS* used to pay currently deductible expenses incurred in connection with the workout. All $500 of the currently deductible workout expenses were allocated to *A*. *B* made no additional contribution of capital. At the time of the workout, *B* was insolvent within the meaning of § 108(a) of the Internal Revenue Code. *A* and *B* agreed that, after the workout, *A* would have a 60-percent interest and *B* would have a 40-percent interest in the profits and losses of *PRS*.

As a result of the property's decline in value and the workout, *PRS* had two items to allocate between *A* and *B*. First, the agreement to cancel $2,000 of the loan resulted in $2,000 of cancellation of indebtedness income (COD income). Second, *A*'s contribution of $500 to *PRS* was an event that required *PRS*, under the partnership agreement, to revalue partnership property and adjust *A*'s and *B*'s capital accounts. Because of the decline in value of the property, the revaluation resulted in a $4,000 economic loss that must be allocated between *A*'s and *B*'s capital accounts.

Under the terms of the original partnership agreement, *PRS* would have allocated these items equally between *A* and *B*. *A* and *B*, however, amend the partnership agreement (in a timely manner) to make two special allocations. First, *PRS* specially allocates the entire $2,000 of COD income to *B*, an insolvent partner. Second, *PRS* specially allocates the book loss from the revaluation $1,000 to *A* and $3,000 to *B*.

While *A* receives a $1,000 allocation of book loss and *B* receives a $3,000 allocation of book loss, neither of these allocations results in a tax loss to either partner. Rather, the allocations result only in adjustments to *A*'s and *B*'s capital accounts. Thus, the cumulative effect of the special allocations is to reduce each partner's capital account to zero immediately following the allocations despite the fact that *B* is allocated $2,000 of income for tax purposes.

LAW

Section 61(a)(12) provides that gross income includes income from the discharge of indebtedness.

Rev. Rul. 91–31, 1991–1 C.B. 19, holds that a taxpayer realizes COD income when a creditor (who was not the seller of the underlying property) reduces the principal amount of an under-secured nonrecourse debt.

Under § 704(b) and the regulations thereunder, allocations of a partnership's items of income, gain, loss, deduction, or credit provided for in the partnership agreement will be respected if the allocations have substantial economic effect. Allocations that fail to have substantial economic effect will be reallocated according to the partners' interests in the partnership (as defined in § 1.704–1(b)(3)).

Section 1.704–1(b)(2)(iv)(*f*) provides that a partnership may, upon the occurrence of certain events (including the contribution of money to the partnership by a new or existing partner), increase or decrease the partners' capital accounts to reflect a revaluation of the partnership property.

Section 1.704–1(b)(2)(iv)(*g*) provides that, to the extent a partnership's property is reflected on the books of the partnership at a book value that differs from the adjusted tax basis, the substantial economic effect requirements apply to the allocations of book items. Section 704(c) and § 1.704–1(b)(4)(i) govern the partners' distributive shares of tax items.

Section 1.704–1(b)(2)(i) provides that the determination of whether an allocation of income, gain, loss, or deduction (or item thereof) to a partner has substantial economic effect involves a two-part analysis that is made at the end of the partnership year to which the allocation relates. In order for an allocation to have substantial economic effect, the allocation must have both economic effect (within the meaning of § 1.704–1(b)(2)(ii)) and be substantial (within the meaning of § 1.704–1(b)(2)(iii)).

Section 1.704-1(b)(2)(iii)(*a*) provides that the economic effect of an allocation (or allocations) is substantial if there is a reasonable possibility that the allocation (or allocations) will substantially affect the dollar amounts to be received by the partners from the partnership independent of the tax consequences. However, the economic effect of an allocation is not substantial if, at the time the allocation becomes part of the partnership agreement, (1) the after-tax economic consequences of at least one partner may, in present value terms, be enhanced compared to the consequences if the allocation (or allocations) were not contained in the partnership agreement, and (2) there is a strong likelihood that the after-tax economic consequences of no partner will, in present value terms, be substantially diminished compared to the consequences if the allocation (or allocations) were not contained in the partnership agreement. In determining the after-tax economic benefit or detriment to a partner, tax consequences that result from the interaction of the allocation with the partner's tax attributes that are unrelated to the partnership will be taken into account.

Section 1.704–1(b)(2)(iii)(*b*) provides that the economic effect of an allocation (or allocations) in a partnership taxable year is not substantial if the allocations result in shifting tax consequences. Shifting tax consequences result when, at the time the allocation (or allocations) becomes part of the partnership agreement, there is a strong likelihood that (1) the net increases and decreases that will be recorded in the partners' respective capital accounts for the taxable year will not differ substantially from the net increases and decreases that would be recorded in the partners' respective capital accounts for the year if the allocations were not contained in the partnership agreement, and (2) the total tax liability of the partners (for their respective tax years in which the allocations will be taken into account) will be less than if the allocations were not contained in the partnership agreement.

Section 1.704–1(b)(2)(iii)(*c*) provides that the economic effect of an allocation (or allocations) in a partnership taxable year is not substantial if the allocations are transitory. Allocations are considered transitory if a partnership agreement provides for the possibility that one or more allocations (the "original allocation(s)") will be largely offset by other allocations (the "offsetting allocation(s)"), and, at the time the allocations become part of the partnership agreement, there is a strong likelihood that (1) the net increases and decreases that will be recorded in the partners' capital accounts for the taxable years to which the allocations relate will not differ substantially from the net increases and decreases that would be recorded in such partners' respective capital accounts for such years if the original and offsetting allocation(s) were not contained in the partnership agreement, and (2) the total tax liability of the partners (for their respective tax years in which the allocations will be taken into account) will be less than if the allocations were not contained in the partnership agreement.

Section 761(c) provides that a partnership agreement includes any modifications made prior to, or at, the time prescribed for filing a partnership return (not including extensions) which are agreed to by all partners, or which are adopted in such other manner as may be provided by the partnership agreement.

ANALYSIS

PRS is free to allocate partnership items between *A* and *B* in accordance with the provisions of the partnership agreement if the allocations have substantial economic effect under § 1.704–1(b)(2). To the extent that the minimum gain chargeback rules do not apply,[1] COD income may be allocated in accordance with the rules under § 1.704–1(b)(2). This is true notwithstanding that the COD income arises in connection with the cancellation of a nonrecourse debt.

The economic effect of an allocation is not substantial if, at the time that the allocation becomes part of the partnership agreement, the allocation fails each of two tests. The allocation fails the first test if the after-tax consequences of at least one partner may, in present value terms, be enhanced compared to the consequences if the allocation (or allocations) were not contained in the partnership agreement. The allocation fails the second test if there is a strong likelihood that the after-tax economic consequences of no partner will, in present value terms, be substantially diminished compared to such consequences if the allocation (or allocations) were not contained in the partnership agreement.

A and *B* amended the *PRS* partnership agreement to provide for an allocation of the entire $2,000 of the COD income to *B*. *B*, an insolvent taxpayer, is eligible to exclude the income under § 108, so it is unlikely that the $2,000 of COD income would increase *B*'s immediate tax liability. Without the special allocation, *A*, who is not insolvent or otherwise entitled to exclude the COD income under § 108, would pay tax immediately on the $1,000 of COD income allocated under the general ratio for sharing income. *A* and *B* also amended the *PRS* partnership agreement to provide for the special allocation of the book loss resulting from the revaluation. Because the two special allocations offset each other, *B* will not realize any economic benefit from the $2,000 income allocation, even if the property subsequently appreciates in value.

The economics of *PRS* are unaffected by the paired special allocations. After the capital accounts of *A* and *B* are adjusted to reflect the special allocations, *A* and *B* each have a capital account of zero. Economically, the situation of both partners is identical to what it would have been had the special allocations not occurred. In addition, a strong likelihood exists that the total tax liability of *A* and *B* will be less than if *PRS* had allocated 50 percent of the $2,000 of COD income and 50 percent of the $4,000 book loss to each partner. Therefore, the special allocations of COD income and book loss are shifting allocations under § 1.704–1(b)(2)(iii)(*b*) and lack substantiality. (Alternatively, the

[1] Under certain circumstances, the COD income would be allocated between the partners in accordance with their shares of partnership minimum gain because the cancellation of the nonrecourse debt would result in a decrease in partnership minimum gain. *See* § 1.704–2(d). However, in this situation, there is no minimum gain because the principal amount of the debt never exceeded the property's book value. Therefore, the minimum gain chargeback requirement does not govern the manner in which the COD income is allocated between A and B, and PRS's special allocation of COD income must satisfy the substantial economic effect standard. *See* Rev. Rul. 92–97, 1992–2 C.B. 124.

allocations could be transitory allocations under § 1.704–1(b)(2)(iii)(*c*) if the allocations occur during different partnership taxable years).

This conclusion is not altered by the "value equals basis" rule that applies in determining the substantiality of an allocation. See § 1.704–1(b)(2)(iii)(*c*)(*2*). Under that rule, the adjusted tax basis (or, if different, the book value) of partnership property will be presumed to be the fair market value of the property. This presumption is appropriate in most cases because, under § 1.704–1(b)(2)(iv), property generally will be reflected on the books of the partnership at its fair market value when acquired. Thus, an allocation of gain or loss from the disposition of the property will reflect subsequent changes in the value of the property that generally cannot be predicted.

The substantiality of an allocation, however, is analyzed "at the time the allocation becomes part of the partnership agreement," not the time at which the allocation is first effective. See § 1.704–1(b)(2)(iii)(*a*). In the situation described above, the provisions of the *PRS* partnership agreement governing the allocation of gain or loss from the disposition of property are changed at a time that is after the property has been revalued on the books of the partnership, but are effective for a period that begins prior to the revaluation. See § 1.704–1(b)(2)(iv)(*f*).

Under these facts, the presumption that value equals basis does not apply to validate the allocations. Instead, *PRS*'s allocations of gain or loss must be closely scrutinized in determining the appropriate tax consequences. *Cf*. § 1.704–1(b)-(4)(vi). In this situation, the special allocations of the $2,000 of COD income and $4,000 of book loss will not be respected and, instead, must be allocated in accordance with the *A*'s and *B*'s interests in the partnership under § 1.704–1(b)(3).

Close scrutiny also would be required if the changes were made at a time when the events giving rise to the allocations had not yet occurred but were likely to occur or if, under the original allocation provisions of a partnership agreement, there was a strong likelihood that a disproportionate amount of COD income earned in the future would be allocated to any partner who is insolvent at the time of the allocation and would be offset by an increased allocation of loss or a reduced allocation of income to such partner or partners.

HOLDING

Partnership special allocations lack substantiality when the partners amend the partnership agreement to specially allocate COD income and book items from a related revaluation after the events creating such items have occurred if the overall economic effect of the special allocations on the partners' capital accounts does not differ substantially from the economic effect of the original allocations in the partnership agreement.

DRAFTING INFORMATION

The principal author of this revenue ruling is David J. Sotos of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling contact Mr. Sotos at (202) 622-3050 (not a toll-free call).

Section 832.—Insurance Company Taxable Income

26 CFR 1.832–4: Gross income.

The salvage discount factors are set forth for the 1999 accident year. These factors will be used for computing estimated salvage recoverable for purposes of section 832 of the Code. See Rev. Proc. 99–37, page 517.

Section 846.—Discounted Unpaid Losses Defined

26 CFR 1.846–1: Application of discount factors.

The loss payment patterns and discount factors are set forth for the 1999 accident year. These factors will be used for computing discounted unpaid losses under section 846 of the Code. See Rev. Proc. 99–36, page 509.

The salvage discount factors are set forth for the 1999 accident year. These factors will be used for computing estimated salvage recoverable for purposes of section 832 of the Code. See Rev. Proc. 99–37, page 517.

Part III. Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters. (Also Part I, section 846; 1.846–1.)

Rev. Proc. 99–36

SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 1999 accident year. These factors will be used for computing discounted unpaid losses under § 846 of the Internal Revenue Code. *See* Rev. Proc. 98–11, 1998–4 I.R.B. 9, for background concerning the loss payment patterns and application of the discount factors.

SEC. 2. SCOPE

This revenue procedure applies to any taxpayer that is required to discount its unpaid losses under § 846 for a line of business using discount factors published by the Secretary.

SEC. 3. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors under § 846 for accident year 1999. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 1999, which is 6.30 percent, and by assuming all loss payments occur in the middle of the calendar year.

.02 If the groupings of individual lines of business on the annual statement changes, taxpayers must discount the unpaid losses on the resulting lines of business in accordance with the discounting patterns that would have applied to those unpaid losses based on their classification on the 1995 annual statement. In addition, section V of Notice 88–100, 1988–2 C.B. 439, provides rules concerning the determination of losses for accident years not separately reported on the annual statement.

.03 Tables

Accident and Health
(Other Than Disability Income or Credit Disability Insurance)

Discount factor for all years equals 96.9914 percent.

Auto Physical Damage

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	89.9430	89.9430	10.0570	9.7022	96.4715
AY+ 1	99.3814	9.4384	0.6186	0.5822	94.1173
AY+ 2	N/A	0.3093	0.3093	0.3000	96.9914
AY+ 3	N/A	0.3093	0.0000	0.0000	* * *

Commercial Auto/Truck Liability/Medical

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	25.8075	25.8075	74.1925	64.9334	87.5201
AY+ 1	49.8793	24.0718	50.1207	44.2057	88.1984
AY+ 2	67.6592	17.7799	32.3408	28.6592	88.6163
AY+ 3	79.7711	12.1119	20.2289	17.9771	88.8686
AY+ 4	88.2132	8.4421	11.7868	10.4057	88.2830
AY+ 5	93.1778	4.9646	6.8222	5.9427	87.1083
AY+ 6	95.9623	2.7845	4.0377	3.4462	85.3511
AY+ 7	97.0091	1.0468	2.9909	2.5840	86.3975
AY+ 8	97.5719	0.5628	2.4281	2.1666	89.2302
AY+ 9	98.2191	0.6471	1.7809	1.6359	91.8539
AY+10	N/A	0.6471	1.1338	1.0717	94.5239
AY+11	N/A	0.6471	0.4867	0.4721	96.9914
AY+12	N/A	0.4867	0.0000	0.0000	* * *

Composite Discount Factors

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	35.4611	35.4611	64.5389	55.2028	85.5342
AY+ 1	59.1449	23.6838	40.8551	34.2621	83.8626
AY+ 2	70.8220	11.6771	29.1780	24.3814	83.5608
AY+ 3	81.9019	11.0799	18.0981	14.4938	80.0847
AY+ 4	86.3688	4.4669	13.6312	10.8015	79.2407
AY+ 5	90.0497	3.6809	9.9503	7.6869	77.2526
AY+ 6	92.7488	2.6991	7.2512	5.3883	74.3092
AY+ 7	93.8259	1.0771	6.1741	4.6173	74.7845
AY+ 8	94.2415	0.4156	5.7585	4.4797	77.7924
AY+ 9	94.8568	0.6153	5.1432	4.1275	80.2516
AY+10	N/A	0.6153	4.5279	3.7531	82.8892
AY+11	N/A	0.6153	3.9125	3.3551	85.7535
AY+12	N/A	0.6153	3.2972	2.9321	88.9266
AY+13	N/A	0.6153	2.6819	2.4824	92.5620
AY+14	N/A	0.6153	2.0665	2.0043	96.9914
AY+15	N/A	2.0665	0.0000	0.0000	***

Fidelity/Surety

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	24.1540	24.1540	75.8460	70.1069	92.4332
AY+ 1	59.0961	34.9421	40.9039	38.4977	94.1173
AY+ 2	N/A	20.4520	20.4520	19.8367	96.9914
AY+ 3	N/A	20.4520	0.0000	0.0000	***

Financial Guaranty/Mortgage Guaranty

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	9.2513	9.2513	90.7487	83.8402	92.3872
AY+ 1	50.5659	41.3146	49.4341	46.5260	94.1173
AY+ 2	N/A	24.7171	24.7171	23.9734	96.9914
AY+ 3	N/A	24.7171	0.0000	0.0000	***

International
(Composite)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	35.4611	35.4611	64.5389	55.2028	85.5342
AY+ 1	59.1449	23.6838	40.8551	34.2621	83.8626
AY+ 2	70.8220	11.6771	29.1780	24.3814	83.5608
AY+ 3	81.9019	11.0799	18.0981	14.4938	80.0847
AY+ 4	86.3688	4.4669	13.6312	10.8015	79.2407
AY+ 5	90.0497	3.6809	9.9503	7.6869	77.2526
AY+ 6	92.7488	2.6991	7.2512	5.3883	74.3092
AY+ 7	93.8259	1.0771	6.1741	4.6173	74.7845
AY+ 8	94.2415	0.4156	5.7585	4.4797	77.7924
AY+ 9	94.8568	0.6153	5.1432	4.1275	80.2516
AY+10	N/A	0.6153	4.5279	3.7531	82.8892
AY+11	N/A	0.6153	3.9125	3.3551	85.7535
AY+12	N/A	0.6153	3.2972	2.9321	88.9266
AY+13	N/A	0.6153	2.6819	2.4824	92.5620
AY+14	N/A	0.6153	2.0665	2.0043	96.9914
AY+15	N/A	2.0665	0.0000	0.0000	* * *

Medical Malpractice — Claims-Made

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	6.3899	6.3899	93.6101	76.7674	82.0076
AY+ 1	24.0011	17.6112	75.9989	63.4463	83.4831
AY+ 2	42.6970	18.6959	57.3030	48.1675	84.0576
AY+ 3	58.0610	15.3640	41.9390	35.3615	84.3166
AY+ 4	69.6653	11.6043	30.3347	25.6251	84.4744
AY+ 5	75.6033	5.9380	24.3967	21.1172	86.5577
AY+ 6	81.8786	6.2753	18.1214	15.9776	88.1701
AY+ 7	87.8539	5.9753	12.1461	10.8236	89.1118
AY+ 8	89.5207	1.6668	10.4793	9.7870	93.3936
AY+ 9	94.3025	4.7818	5.6975	5.4734	96.0675
AY+10	N/A	4.7818	0.9157	0.8882	96.9914
AY+11	N/A	0.9157	0.0000	0.0000	* * *

Medical Malpractice — Occurrence

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	2.1239	2.1239	97.8761	71.4452	72.9955
AY+ 1	6.4831	4.3592	93.5169	71.4519	76.4053
AY+ 2	15.5987	9.1156	84.4013	66.5550	78.8553
AY+ 3	31.9062	16.3075	68.0938	53.9345	79.2062
AY+ 4	45.0931	13.1868	54.9069	43.7365	79.6557
AY+ 5	50.0751	4.9821	49.9249	41.3553	82.8351
AY+ 6	60.9728	10.8976	39.0272	32.7250	83.8518
AY+ 7	69.2138	8.2411	30.7862	26.2900	85.3955
AY+ 8	72.8658	3.6519	27.1342	24.1811	89.1165
AY+ 9	80.0005	7.1347	19.9995	18.3484	91.7445
AY+10	N/A	7.1347	12.8648	12.1483	94.4311
AY+11	N/A	7.1347	5.7300	5.5576	96.9914
AY+12	N/A	5.7300	0.0000	0.0000	* * *

Miscellaneous Casualty

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	77.6669	77.6669	22.3331	21.1598	94.7461
AY+ 1	94.0673	16.4004	5.9327	5.5837	94.1173
AY+ 2	N/A	2.9664	2.9664	2.8771	96.9914
AY+ 3	N/A	2.9664	0.0000	0.0000	* * *

Multiple Peril Lines
(Homeowners/Farmowners Multiple Peril, Commercial Multiple Peril, and Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery))

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	55.9587	55.9587	44.0413	39.0516	88.6704
AY+ 1	77.8939	21.9352	22.1061	18.8962	85.4798
AY+ 2	84.0083	6.1144	15.9917	13.7827	86.1863
AY+ 3	91.3188	7.3105	8.6812	7.1137	81.9437
AY+ 4	92.1670	0.8482	7.8330	6.6873	85.3739
AY+ 5	94.3838	2.2168	5.6162	4.8231	85.8781
AY+ 6	96.4959	2.1121	3.5041	2.9494	84.1680
AY+ 7	97.3670	0.8712	2.6330	2.2370	84.9605
AY+ 8	98.0034	0.6364	1.9966	1.7218	86.2368
AY+ 9	98.4059	0.4025	1.5941	1.4153	88.7833
AY+10	N/A	0.4025	1.1916	1.0895	91.4298
AY+11	N/A	0.4025	0.7892	0.7432	94.1747
AY+12	N/A	0.4025	0.3867	0.3751	96.9914
AY+13	N/A	0.3867	0.0000	0.0000	* * *

Other
(Including Credit)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	66.7418	66.7418	33.2582	31.3512	94.2659
AY+ 1	89.2755	22.5337	10.7245	10.0936	94.1173
AY+ 2	N/A	5.3622	5.3622	5.2009	96.9914
AY+ 3	N/A	5.3622	0.0000	0.0000	* * *

Other Liability — Claims-Made

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	10.2440	10.2440	89.7560	73.7794	82.2000
AY+ 1	29.3763	19.1323	70.6237	58.7018	83.1191
AY+ 2	44.4111	15.0349	55.5889	46.8988	84.3672
AY+ 3	67.8197	23.4086	32.1803	25.7187	79.9207
AY+ 4	73.4753	5.6555	26.5247	21.5080	81.0867
AY+ 5	78.8604	5.3852	21.1396	17.3108	81.8882
AY+ 6	83.5027	4.6422	16.4973	13.6152	82.5295
AY+ 7	84.0676	0.5649	15.9324	13.8905	87.1838
AY+ 8	85.2129	1.1453	14.7871	13.5847	91.8688
AY+ 9	90.5992	5.3863	9.4008	8.8872	94.5367
AY+10	N/A	5.3863	4.0145	3.8938	96.9914
AY+11	N/A	4.0145	0.0000	0.0000	* * *

Other Liability — Occurrence

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	13.5751	13.5751	86.4249	67.7370	78.3767
AY+ 1	26.3964	12.8213	73.6036	58.7855	79.8676
AY+ 2	40.2725	13.8761	59.7275	48.1824	80.6703
AY+ 3	55.4566	15.1841	44.5434	35.5628	79.8385
AY+ 4	65.3309	9.8742	34.6691	27.6227	79.6751
AY+ 5	74.0647	8.7339	25.9353	20.3581	78.4959
AY+ 6	80.9090	6.8442	19.0910	14.5842	76.3927
AY+ 7	84.3622	3.4532	15.6378	11.9426	76.3702
AY+ 8	84.6163	0.2542	15.3837	12.4330	80.8193
AY+ 9	86.7311	2.1147	13.2689	11.0359	83.1712
AY+10	N/A	2.1147	11.1542	9.5509	85.6257
AY+11	N/A	2.1147	9.0395	7.9722	88.1936
AY+12	N/A	2.1147	6.9247	6.2941	90.8938
AY+13	N/A	2.1147	4.8100	4.5103	93.7704
AY+14	N/A	2.1147	2.6953	2.6142	96.9914
AY+15	N/A	2.6953	0.0000	0.0000	* * *

Private Passenger Auto Liability/Medical

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	37.9339	37.9339	62.0661	56.2648	90.6530
AY+ 1	67.7044	29.7705	32.2956	29.1156	90.1533
AY+ 2	81.5316	13.8272	18.4684	16.6937	90.3908
AY+ 3	89.8898	8.3583	10.1102	9.1279	90.2847
AY+ 4	94.6531	4.7633	5.3469	4.7920	89.6216
AY+ 5	97.1265	2.4734	2.8735	2.5437	88.5243
AY+ 6	98.4587	1.3322	1.5413	1.3305	86.3222
AY+ 7	98.9811	0.5224	1.0189	0.8757	85.9452
AY+ 8	99.2330	0.2519	0.7670	0.6712	87.5035
AY+ 9	99.4067	0.1737	0.5933	0.5344	90.0640
AY+10	N/A	0.1737	0.4196	0.3890	92.6904
AY+11	N/A	0.1737	0.2460	0.2344	95.3018
AY+12	N/A	0.1737	0.0723	0.0701	96.9914
AY+13	N/A	0.0723	0.0000	0.0000	***

Products Liability — Claims-Made

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	4.9750	4.9750	95.0250	75.3753	79.3215
AY+ 1	15.1072	10.1322	84.8928	69.6774	82.0769
AY+ 2	30.9560	15.8488	69.0440	57.7267	83.6085
AY+ 3	38.2420	7.2860	61.7580	53.8514	87.1975
AY+ 4	68.6101	30.3681	31.3899	25.9340	82.6188
AY+ 5	78.5966	9.9865	21.4034	17.2716	80.6954
AY+ 6	88.3971	9.8005	11.6029	8.2552	71.1475
AY+ 7	93.2957	4.8986	6.7043	3.7247	55.5568
AY+ 8	88.3815	-4.9142	11.6185	9.0260	77.6862
AY+ 9	89.6105	1.2290	10.3895	8.3274	80.1528
AY+10	N/A	1.2290	9.1604	7.5849	82.8009
AY+11	N/A	1.2290	7.9314	6.7956	85.6799
AY+12	N/A	1.2290	6.7024	5.9566	88.8728
AY+13	N/A	1.2290	5.4733	5.0647	92.5339
AY+14	N/A	1.2290	4.2443	4.1166	96.9914
AY+15	N/A	4.2443	0.0000	0.0000	***

Products Liability — Occurrence

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	9.0653	9.0653	90.9347	68.5721	75.4081
AY+ 1	14.9035	5.8382	85.0965	66.8729	78.5848
AY+ 2	29.2591	14.3555	70.7409	56.2851	79.5651
AY+ 3	45.6462	16.3871	54.3538	42.9356	78.9928
AY+ 4	57.5945	11.9483	42.4055	33.3216	78.5785
AY+ 5	63.8634	6.2689	36.1366	28.9575	80.1335
AY+ 6	75.2266	11.3632	24.7734	19.0662	76.9622
AY+ 7	78.2679	3.0413	21.7321	17.1317	78.8313
AY+ 8	78.1898	-0.0781	21.8102	18.2915	83.8668
AY+ 9	81.8722	3.6825	18.1278	15.6472	86.3162
AY+10	N/A	3.6825	14.4453	12.8363	88.8613
AY+11	N/A	3.6825	10.7628	9.8483	91.5027
AY+12	N/A	3.6825	7.0803	6.6720	94.2328
AY+13	N/A	3.6825	3.3979	3.2956	96.9914
AY+14	N/A	3.3979	0.0000	0.0000	* * *

Reinsurance A
(Nonproportional Property)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	27.1668	27.1668	72.8332	64.6152	88.7167
AY+ 1	68.7008	41.5340	31.2992	25.8636	82.6335
AY+ 2	70.0362	1.3354	29.9638	26.1162	87.1592
AY+ 3	87.5338	17.4976	12.4662	9.7212	77.9803
AY+ 4	90.2132	2.6794	9.7868	7.5712	77.3605
AY+ 5	91.3751	1.1619	8.6249	6.8502	79.4230
AY+ 6	94.3845	3.0095	5.6155	4.1789	74.4181
AY+ 7	93.3293	-1.0552	6.6707	5.5301	82.9022
AY+ 8	N/A	1.0387	5.6320	4.8076	85.3629
AY+ 9	N/A	1.0387	4.5932	4.0395	87.9453
AY+10	N/A	1.0387	3.5545	3.2231	90.6758
AY+11	N/A	1.0387	2.5158	2.3552	93.6165
AY+12	N/A	1.0387	1.4771	1.4326	96.9914
AY+13	N/A	1.4771	0.0000	0.0000	* * *

Reinsurance B
(Nonproportional Liability)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	6.6962	6.6962	93.3038	68.5209	73.4385
AY+ 1	22.3944	15.6982	77.6056	56.6526	73.0006
AY+ 2	32.6486	10.2542	67.3514	49.6494	73.7169
AY+ 3	50.2234	17.5748	49.7766	34.6574	69.6258
AY+ 4	53.5839	3.3605	46.4161	33.3760	71.9062
AY+ 5	55.6838	2.0999	44.3162	33.3137	75.1727
AY+ 6	63.6144	7.9306	36.3856	27.2358	74.8534
AY+ 7	66.4211	2.8066	33.5789	26.0580	77.6022
AY+ 8	N/A	2.8066	30.7723	24.8059	80.6113
AY+ 9	N/A	2.8066	27.9656	23.4750	83.9423
AY+10	N/A	2.8066	25.1590	22.0602	87.6832
AY+11	N/A	2.8066	22.3524	20.5563	91.9649
AY+12	N/A	2.8066	19.5457	18.9577	96.9914
AY+13	N/A	19.5457	0.0000	0.0000	* * *

Reinsurance C
(Financial Lines)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	11.4622	11.4622	88.5378	76.8870	86.8408
AY+ 1	44.5791	33.1169	55.4209	47.5866	85.8641
AY+ 2	63.9134	19.3343	36.0866	30.6506	84.9362
AY+ 3	65.6185	1.7051	34.3815	30.8235	89.6516
AY+ 4	79.9778	14.3593	20.0222	17.9607	89.7042
AY+ 5	88.9152	8.9374	11.0848	9.8777	89.1099
AY+ 6	91.2490	2.3338	8.7510	8.0938	92.4895
AY+ 7	94.7645	3.5155	5.2355	4.9791	95.1030
AY+ 8	N/A	3.5155	1.7200	1.6682	96.9914
AY+ 9	N/A	1.7200	0.0000	0.0000	* * *

Special Property
(Fire, Allied Lines, Inland Marine, Earthquake, Glass, Burglary and Theft)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	57.4895	57.4895	42.5105	40.4302	95.1064
AY+ 1	90.5193	33.0297	9.4807	8.9230	94.1173
AY+ 2	N/A	4.7404	4.7404	4.5978	96.9914
AY+ 3	N/A	4.7404	0.0000	0.0000	* * *

Workers' Compensation

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	23.6461	23.6461	76.3539	62.2052	81.4696
AY+ 1	44.8166	21.1705	55.1834	44.2969	80.2722
AY+ 2	57.9652	13.1486	42.0348	33.5311	79.7700
AY+ 3	72.0542	14.0889	27.9458	21.1177	75.5664
AY+ 4	80.5542	8.5000	19.4458	13.6844	70.3719
AY+ 5	84.8876	4.3334	15.1124	10.0786	66.6913
AY+ 6	87.1173	2.2297	12.8827	8.4147	65.3182
AY+ 7	88.2647	1.1473	11.7353	7.7619	66.1415
AY+ 8	88.5404	0.2757	11.4596	7.9666	69.5194
AY+ 9	88.8062	0.2658	11.1938	8.1945	73.2056
AY+10	N/A	0.2658	10.9279	8.4366	77.2025
AY+11	N/A	0.2658	10.6621	8.6941	81.5418
AY+12	N/A	0.2658	10.3963	8.9677	86.2590
AY+13	N/A	0.2658	10.1304	9.2586	91.3940
AY+14	N/A	0.2658	9.8646	9.5678	96.9914
AY+15	N/A	9.8646	0.0000	0.0000	* * *

DRAFTING INFORMATION

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of the Assistant Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure, contact Ms. Hossofsky on (202) 622-3477 (not a toll-free number).

---

26 CFR 601.201: Rulings and determination letters. (Also Part I, sections 832, 846; 1.832–4, 1.846–1.)

Rev. Proc. 99–37

SECTION 1. PURPOSE

This revenue procedure prescribes the salvage discount factors for the 1999 accident year. These factors will be used for computing discounted estimated salvage recoverable under § 832 of the Internal Revenue Code.

SEC. 2. BACKGROUND

Section 832(b)(5)(A) requires that all estimated salvage recoverable (including that which cannot be treated as an asset for state accounting purposes) be taken into account in computing the deduction for losses incurred. Under § 832(b)-(5)(A), paid losses are to be reduced by salvage and reinsurance recovered during the taxable year. This amount is adjusted to reflect changes in discounted unpaid losses on nonlife insurance contracts and in unpaid losses on life insurance contracts. An adjustment is then made to reflect any changes in discounted estimated salvage recoverable and in reinsurance recoverable.

Pursuant to § 832(b), the amount of estimated salvage is determined on a discounted basis in accordance with procedures established by the Secretary.

SEC. 3. SCOPE

This revenue procedure applies to any taxpayer that is required to discount estimated salvage recoverable under § 832.

SEC. 4. APPLICATION

.01 The following tables present separately for each line of business the discount factors under § 832 for the 1999 accident year. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 1999, which is 6.30 percent, and by assuming all estimated salvage is recovered in the middle of each calendar year. *See* Rev. Proc. 98–12, 1998–4 I.R.B. 18, for background regarding the tables.

.02 These tables must be used by taxpayers irrespective of whether they elected to discount unpaid losses using their own historical experience under § 846.

.03 Section V of Notice 88–100, 1988–2 C. B. 439, provides guidance concerning the determination of discount factors for unpaid losses for accident years not separately reported on the annual statement.

.04 Tables.

Accident and Health (Other Than Disability Income or Credit Disability Insurance)

Discount factor for all years equals 96.9914 percent.

Auto Physical Damage

Tax Year	Discount Factors (%)
AY+ 0	95.5695
AY+ 1	94.1173
AY+ 2	96.9914

Commercial Auto/Truck Liability/Medical

Tax Year	Discount Factors (%)
AY+ 0	88.1039
AY+ 1	87.2517
AY+ 2	88.9900
AY+ 3	88.2622
AY+ 4	88.0871
AY+ 5	90.4901
AY+ 6	85.7328
AY+ 7	91.4181
AY+ 8	89.8355
AY+ 9	92.4551
AY+10	95.0697
AY+11	96.9914

Composite Discount Factors

Tax Year	Discount Factors (%)
AY+ 0	85.6093
AY+ 1	83.9887
AY+ 2	83.5630
AY+ 3	83.4530
AY+ 4	84.2000
AY+ 5	84.7825
AY+ 6	84.8358
AY+ 7	84.9271
AY+ 8	87.7984
AY+ 9	90.3741
AY+10	93.0175
AY+11	95.6437
AY+12	96.9914

Fidelity/Surety

Tax Year	Discount Factors (%)
AY+ 0	92.7828
AY+ 1	94.1173
AY+ 2	96.9914

Financial Guaranty/Mortgage Guaranty

Tax Year	Discount Factors (%)
AY+ 0	94.6355
AY+ 1	94.1173
AY+ 2	96.9914

International (Composite)

Tax Year	Discount Factors (%)
AY+ 0	85.6093
AY+ 1	83.9887
AY+ 2	83.5630
AY+ 3	83.4530
AY+ 4	84.2000
AY+ 5	84.7825
AY+ 6	84.8358
AY+ 7	84.9271
AY+ 8	87.7984
AY+ 9	90.3741
AY+10	93.0175
AY+11	95.6437
AY+12	96.9914

Medical Malpractice — Claims-Made

Tax Year	Discount Factors (%)
AY+ 0	69.8521
AY+ 1	72.5407
AY+ 2	71.0672
AY+ 3	70.4106
AY+ 4	73.9891
AY+ 5	72.3274
AY+ 6	82.1285
AY+ 7	91.3849
AY+ 8	96.2899
AY+ 9	96.9914

Medical Malpractice — Occurrence

Tax Year	Discount Factors (%)
AY+ 0	63.6130
AY+ 1	66.9948
AY+ 2	71.5686
AY+ 3	75.3861
AY+ 4	72.1518
AY+ 5	78.2468
AY+ 6	83.2448
AY+ 7	86.3963
AY+ 8	90.9167
AY+ 9	93.6125
AY+10	96.3310
AY+11	96.9914

Miscellaneous Casualty

Tax Year	Discount Factors (%)
AY+ 0	94.9728
AY+ 1	94.1173
AY+ 2	96.9914

Multiple Peril Lines (Homeowners/Farmowners Multiple Peril, Commercial Multiple Peril, and Special Liability (Ocean Marine, Aircraft (All Perils), Boiler And Machinery))

Tax Year	Discount Factors (%)
AY+ 0	88.1923
AY+ 1	87.1353
AY+ 2	87.9117
AY+ 3	87.5629
AY+ 4	88.7011
AY+ 5	90.1672
AY+ 6	90.1613
AY+ 7	89.1007
AY+ 8	91.5372
AY+ 9	94.2606
AY+10	96.9914

Other (Including Credit)

Tax Year	Discount Factors (%)
AY+ 0	96.0338
AY+ 1	94.1173
AY+ 2	96.9914

Other Liability — Claims-Made

Tax Year	Discount Factors (%)
AY+ 0	77.2784
AY+ 1	82.8178
AY+ 2	81.8164
AY+ 3	79.4571
AY+ 4	82.4769
AY+ 5	87.1976
AY+ 6	85.6914
AY+ 7	91.4229
AY+ 8	93.5743
AY+ 9	96.2841
AY+10	96.9914

Other Liability — Occurrence

Tax Year	Discount Factors (%)
AY+ 0	78.2635
AY+ 1	78.9961
AY+ 2	81.4078
AY+ 3	83.4032
AY+ 4	84.6724
AY+ 5	82.2100
AY+ 6	86.3544
AY+ 7	88.3424
AY+ 8	92.5115
AY+ 9	95.1243
AY+10	96.9914

Private Passenger Auto Liability/Medical

Tax Year	Discount Factors (%)
AY+ 0	91.4618
AY+ 1	90.9068
AY+ 2	89.9635
AY+ 3	89.5735
AY+ 4	89.1026
AY+ 5	89.5637
AY+ 6	88.3400
AY+ 7	89.0749
AY+ 8	89.7735
AY+ 9	92.3920
AY+10	95.0094
AY+11	96.9914

Products Liability — Claims-Made

Tax Year	Discount Factors (%)
AY+ 0	78.7056
AY+ 1	80.7697
AY+ 2	85.3179
AY+ 3	85.2263
AY+ 4	80.7596
AY+ 5	87.8587
AY+ 6	80.4380
AY+ 7	88.0132
AY+ 8	96.7141
AY+ 9	96.9914

Products Liability — Occurrence

Tax Year	Discount Factors (%)
AY+ 0	75.2045
AY+ 1	77.8428
AY+ 2	76.1949
AY+ 3	77.5126
AY+ 4	79.2935
AY+ 5	78.6299
AY+ 6	80.0215
AY+ 7	72.0300
AY+ 8	77.5666
AY+ 9	80.0419
AY+10	82.7021
AY+11	85.5978
AY+12	88.8131
AY+13	92.5030
AY+14	96.9914

Reinsurance A (Nonproportional Property)

Tax Year	Discount Factors (%)
AY+ 0	86.3193
AY+ 1	89.5547
AY+ 2	92.3252
AY+ 3	91.6732
AY+ 4	78.5915
AY+ 5	94.7028
AY+ 6	93.2934
AY+ 7	95.9512
AY+ 8	96.9914

Reinsurance B (Nonproportional Liability)

Tax Year	Discount Factors (%)
AY+ 0	74.2797
AY+ 1	76.5792
AY+ 2	77.3123
AY+ 3	76.7003
AY+ 4	79.2343
AY+ 5	74.2190
AY+ 6	75.9976
AY+ 7	83.6134
AY+ 8	86.0629
AY+ 9	88.6137
AY+10	91.2729
AY+11	94.0524
AY+12	96.9914

Reinsurance C (Financial Lines)

Tax Year	Discount Factors (%)
AY+ 0	80.7539
AY+ 1	83.1736
AY+ 2	86.4993
AY+ 3	92.4836
AY+ 4	91.0300
AY+ 5	92.9471
AY+ 6	89.3955
AY+ 7	96.8756
AY+ 8	96.9914

Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Glass, Burglary and Theft)

Tax Year	Discount Factors (%)
AY+ 0	92.0956
AY+ 1	94.1173
AY+ 2	96.9914

Workers' Compensation

Tax Year	Discount Factors (%)
AY+ 0	78.1046
AY+ 1	80.5669
AY+ 2	82.5003
AY+ 3	84.0905
AY+ 4	84.2036
AY+ 5	84.3691
AY+ 6	85.5654
AY+ 7	86.3250
AY+ 8	88.7748
AY+ 9	91.4218
AY+10	94.1684
AY+11	96.9914

DRAFTING INFORMATION

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of the Assistant Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure, contact Ms. Hossofsky on (202) 622-3477 (not a toll-free number).

Part IV. Items of General Interest

Medical Savings Accounts

Announcement 99–95

PURPOSE

Sections 220(i) and (j) of the Internal Revenue Code provide that if the number of Medical Savings Account (MSA) returns filed for 1998 or a statutorily specified projection of the number of MSA returns that will be filed for 1999 exceeds 750,000, then October 1, 1999, is a "cut-off" date for the MSA pilot project. The Internal Revenue Service (IRS) has determined that the applicable number of MSA returns filed for 1998 is 32,371 and that the applicable number of MSA returns projected to be filed for 1999 is 44,784 (after reduction in each case for statutorily specified exclusions, such as the exclusion for previously uninsured taxpayers). Consequently, October 1, 1999, is not a "cut-off' date and 1999 is not a "cut-off' year for the MSA pilot project.

BACKGROUND

The Health Insurance Portability and Accountability Act of 1996 added section 220 to the Code to permit eligible individuals to establish MSAs under a pilot project effective January 1, 1997. The pilot project has a scheduled "cut-off" year of 2000, but may have an earlier "cut-off" year if the number of individuals who have established MSAs exceeds certain numerical limitations. See sections 220(i) and (j).

If a year is a "cut-off" year, section 220(i)(1) generally provides that no individual will be eligible for a deduction or exclusion for MSA contributions for any taxable year beginning after the "cut-off' year unless the individual (A) was an active MSA participant for any taxable year ending on or before the close of the "cut-off" year, or (B) first became an active MSA participant for a taxable year ending after the "cut-off" year by reason of coverage under a high deductible health plan of an MSA-participating employer.

Section 220(j)(2)(A) provides that the numerical limitation for 1999 is exceeded if the number of MSA returns filed on or before April 15, 1999, for taxable years ending with or within the 1998 calendar year, plus the Secretary's estimate of the number of MSA returns for those taxable years which will be filed after April 15, 1999, exceeds 750,000. For this purpose, section 220(j)(2)(A) provides that a tax return is an MSA return for a taxable year if any exclusion is claimed under section 106(b) or any deduction is claimed under section 220 for that taxable year. Section 220(j)(2)(B) provides, as an alternative test, that the numerical limitation for 1999 is also exceeded if the sum of 90 percent of the MSA returns for 1998 plus the product of 2.5 and the number of MSAs for taxable years beginning in 1999 that are established during the portion of 1999 preceding July 1 (based on reports by MSA trustees and custodians), exceeds 750,000.

Under section 220(j)(3), in determining whether any calendar year is a "cut-off" year, the MSA of any previously uninsured individual is not taken into account. In addition, section 220(j)(4)(D) specifies that, to the extent practical, all MSAs established by an individual are aggregated and two married individuals opening separate MSAs are to be treated as having a single MSA for purposes of determining the number of MSAs.

A total of 36,638 tax returns reporting an excludable or deductible contribution to an MSA for the 1998 taxable year were filed by April 15, 1999. Of this total, 8,749 taxpayers were reported as being previously uninsured. It has been estimated that an additional 5,839 tax returns reporting MSA contributions for the 1998 taxable year have been or will be filed after April 15, 1999, including 1,357 taxpayers who were previously uninsured. Accordingly, it has been determined that there were 42,477 (36,638 plus 5,839) MSA returns for 1998. Of this total, 10,106 (8,749 plus 1,357) were for taxpayers reported as being previously uninsured. As a result, 32,371 (42,477 minus 10,106) MSA returns count toward the applicable statutory limitation for 1998 MSA returns of 750,000.

Based on the Forms 8851 filed on or before August 1, 1999 by MSA trustees and custodians, it has been determined that 11,727 taxpayers who did not have MSA contributions for 1998 established MSAs for 1999 during the portion of 1999 preceding July 1. Of this total, 4,468 taxpayers were reported by trustees and custodians as previously uninsured, and therefore are not taken into account in determining whether 1999 is a "cut-off" year. In addition, 963 taxpayers were reported by trustees and custodians as excludable from the count because their spouse also established an MSA, and 36 taxpayers had more than one account. Accordingly, the applicable number of MSAs established from January 1, 1999 through June 30, 1999, is 6,260 (11,727 minus (4,468 plus 963 plus 36)). The alternative limitation for 1999 (90 percent of the applicable number of MSA returns for 1998 plus the product of 2.5 and the number of applicable MSAs established from January 1, 1999 through June 30, 1999) is 44,784 (90 percent of 32,371 plus 2.5 times 6,260), which is less than the statutory limit of 750,000. Thus, 1999 is not a "cut- off" year for the MSA pilot project by reason of either the 1998 MSA returns test of section 220(j)(2)(A) or the alternative test of section 220(j)(2)(B) of the Code.

Questions regarding this announcement may be directed to Felix Zech in the Office of Associate Chief Counsel (Employee Benefits and Exempt Organizations) at (202) 622-4606 (not a toll free number).

Appeals Customer Service Program

Announcement 99–98

To emphasize Appeal's commitment to advancing its customer service program under the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105–206, 112 Stat. 685, Appeals Policy Statement P-8-1, and Treasury Directive 63–01, this announcement informs taxpayers about Appeals Customer Service Representatives. Appeals presently has a Customer Service Representative in each of the thirty-three Appeals Offices nationwide.

The duties of the Appeals Customer Service Representatives include:

1) Serving as proponents of the Appeals process;

2) Providing assistance to taxpayers during their administrative appeal;

3) Handling taxpayers complaints regarding Appeals;

4) Participating in National Problem Solving Days;

5) Coordinating with Taxpayer Advocate representative on Appeals matters;

6) Performing Appeals education and outreach with the public, as well as other IRS functions;

7) Ensuring that taxpayer rights are not abridged; and

8) Identifying problems and trends, including analyzing customer survey and balanced measures results.

A list of the office locations and telephone numbers of the Appeals Customer Service Representatives, and the National and Regional Coordinators, as of October 1999, appears at the end of this announcement.

The announcement of these Appeals Customer Service Representatives reaffirms the Commissioner's concept for modernizing the Internal Revenue Service to focus on:

1) Service to Each Taxpayer,
2) Service to All Taxpayers, and
3) Productivity Through a Quality Work Environment.

Please call your local Appeals Customer Service Representative whenever you need assistance with an Appeals tax matter. For further information, visit Appeals Internet Web Site at http://www.irs.gov/prod/ind_info/appeals/index.html

DRAFTING INFORMATION

The principal author of this announcement is Thomas C. Louthan, Director, Office of Alternative Dispute Resolution and Customer Service Programs. For further information regarding this announcement, contact Mr. Louthan at (202) 694-1842, Frederick L. Gavin at (616) 235-1280, or Darlene M. Marshall at (202) 694-1875 (not a toll-free call).

TELEPHONE DIRECTORY

Appeals Customer Service Representatives

Office *(Location)*	**Customer Service Representatives (Not A Toll-Free Number)**
NORTHEAST REGION	
Brooklyn *(Hempstead)*	(516) 539-6259
Connecticut-Rhode Island *(East Hartford)*	(860) 290-4055
Manhattan *(New York City)*	(212) 298-2430
Michigan *(Detroit)*	(313) 226-2314 ext. 62344
New England *(Boston)*	(617) 565-7962
New Jersey *(Newark)*	(973) 645-6288
Ohio *(Cleveland)*	(216) 623-2047
Pennsylvania *(Philadelphia)*	(215) 597-2177 ext. 160
Upstate New York *(Buffalo)*	(716) 551-5330 ext. 21
SOUTHEAST REGION	
Delaware-Maryland *(Baltimore)*	(410) 962-9354
Georgia *(Atlanta)*	(404) 338-7197
Gulf Coast *(New Orleans)*	(504) 558-3177
Indiana *(Indianapolis)*	(317) 226-6778
Kentucky-Tennessee *(Nashville)*	(615) 250-5613
North Florida *(Jacksonville)*	(904) 665-0962
North-South Carolina *(Greensboro)*	(336) 378-2309
South Florida *(Ft. Lauderdale)*	(305) 982-5377
Virginia-West Virginia *(Richmond)*	(804) 771-2772
MIDSTATES REGION	
Oklahoma-Arkansas *(Oklahoma)*	(405) 297-4956
Houston *(Houston)*	(281) 721-7215
Illinois *(Chicago)*	(312) 886-5736 ext. 652
Kansas-Missouri (*St. Louis)*	(314) 612-4672
Midwest *(Milwaukee)*	(414) 297-4120
North Central *(St. Paul)*	(651) 290-3868
North Texas *(Dallas)*	(972) 308-7271
South Texas *(Austin)*	(512) 499-5650

Appeals Customer Service Representatives

Office *(Location)*	Customer Service Representatives (Not A Toll-Free Number)
WESTERN REGION	
Central California *(San Jose)*	(408) 817-4622
Los Angeles *(Los Angeles)*	(213) 894-4700 ext. 129
Northern California *(San Francisco)*	(415) 744-9255
Pacific Northwest *(Seattle)*	(206) 220-6054
Southern California *(Laguna Niguel)*	(949) 360-6380
Southwest *(Phoenix)*	(602) 207-8167
Rocky Mountain *(Denver)*	(303) 844-1951

For additional information, contact:

National Office ***(Washington, DC)***
Office of Alternative Dispute Resolution and Customer Service Programs: Tom Louthan (202) 694-1842, Frederick L. Gavin (616) 235-1280, or Darlene Marshall (202) 694-1875

Regional Coordinators
Northeast Region (New York City): Ellen Wassong (212) 298-2361
Southeast Region (Atlanta): Janell Gadd (404) 338-7706
Midstates Region (Dallas): Leonard Horton (972) 308-7495
Western Region (San Francisco): Dennis Malone (415) 575-7313

Twelfth Annual Institute on Current Issues in International Taxation

Announcement 99–99

Assistant Commissioner (International) John Lyons has announced the Twelfth Annual Institute on Current Issues in International Taxation, co-sponsored with The George Washington University, to be held December 9 and 10, 1999, at the J.W. Marriott Hotel in Washington, D.C.

Designed for professionals in international tax law, the Institute will open with an overview of issues facing world tax administrations for the new millennium. The first day will also include sessions on taxation of multinational enterprises, global asymmetries, alleviating double taxation, and ethics. A panel of the Competent Authorities from Canada, Germany, the United Kingdom, and the United States will discuss availability of treaty benefits, confidentiality, and cooperation. Larry Langdon, Commissioner of the IRS Large and Mid-Size Business Division, will be the featured luncheon speaker. The second day will include sessions on international mergers and acquisitions, inbound taxation, electronic commerce and communication, information reporting and exchange for the 21st century, and an "Ask the IRS" panel. Jonathan Talisman, Acting Assistant Secretary for Tax Policy for the U.S. Treasury Department, will be the featured luncheon speaker.

Those interested in attending may obtain more information from The George Washington University, Conference Management Services, by calling (202) 973-1110 or visiting their Internet site at *http://www.gwu.edu/~cms/iti12*.

Application of Section 382 in Short Taxable Years and With Respect to Controlled Groups; Correction

Announcement 99–100

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains corrections to T.D. 8825, 1999–28 I.R.B. 19, which was published in the **Federal Register** on Friday, July 2, 1999 (64 F.R. 36175). These regulations relate to limitations on net operating loss carryovers and certain built-in losses following an ownership change of a corporation.

FOR FURTHER INFORMATION CONTACT: Lee A. Kelley at (202) 622-7550 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these corrections are under section 382 of the Internal Revenue Code.

Need for Correction

As published, T.D .8825 contains errors which may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (T.D. 8825), which are the subject of F.R. Doc. 99–16163, is corrected as follows:

1. On page 36177, column 2, instructional paragraph 2, the language "**Par 2.** Section 382–1 is amended by" is corrected to read "**Par. 2.** Section 1.382–1 is amended by:".

2. On page 36177, column 3, the section heading "**§1.1382–2 [Amended]**" is corrected to read "**§1.382–2 [Amended]**".

Cynthia E. Grigsby,
Chief, Regulations Unit,
Assistant Chief Counsel (Corporate).

(Filed by the Office of the Federal Register on September 29, 1999, 8:45 a.m., and published in the issue of the Federal Register for September 30, 1999, 64 F.R. 52650)

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C.—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contribution Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign Corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statements of Procedral Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

Numerical Finding List[1]

Bulletins 1999–27 through 1999–41

Announcements:

99–47, 1999–28 I.R.B. *29*
99–64, 1999–27 I.R.B. *7*
99–65, 1999–27 I.R.B. *9*
99–66, 1999–27 I.R.B. *9*
99–67, 1999–28 I.R.B. *31*
99–68, 1999–28 I.R.B. *31*
99–69, 1999–28 I.R.B. *33*
99–70, 1999–29 I.R.B. *118*
99–71, 1999–31 I.R.B. *223*
99–72, 1999–30 I.R.B. *132*
99–73, 1999–30 I.R.B. *133*
99–74, 1999–30 I.R.B. *133*
99–75, 1999–30 I.R.B. *134*
99–76, 1999–31 I.R.B. *223*
99–77, 1999–32 I.R.B. *243*
99–78, 1999–31 I.R.B. *229*
99–79, 1999–31 I.R.B. *229*
99–80, 1999–34 I.R.B. *310*
99–81, 1999–32 I.R.B. *244*
99–82, 1999–32 I.R.B. *244*
99–83, 1999–32 I.R.B. *245*
99–84, 1999–33 I.R.B. *248*
99–85, 1999–33 I.R.B. *248*
99–86, 1999–35 I.R.B. *332*
99–87, 1999–35 I.R.B. *333*
99–88, 1999–36 I.R.B. *407*
99–89, 1999–36 I.R.B. *408*
99–90, 1999–36 I.R.B. *409*
99–91, 1999–37 I.R.B. *421*
99–92, 1999–38 I.R.B. *433*
99–93, 1999–36 I.R.B. *409*
99–94, 1999–39 I.R.B. *437*
99–96, 1999–41 I.R.B. *504*
99–97, 1999–41 I.R.B. *505*

Notices:

99–34, 1999–35 I.R.B. *323*
99–35, 1999–28 I.R.B. *26*
99–37, 1999–30 I.R.B. *124*
99–38, 1999–31 I.R.B. *138*
99–39, 1999–34 I.R.B. *313*
99–40, 1999–35 I.R.B. *324*
99–41, 1999–35 I.R.B. *325*
99–42, 1999–35 I.R.B. *325*
99–43, 1999–36 I.R.B. *344*
99–44, 1999–35 I.R.B. *326*
99–45, 1999–37 I.R.B. *415*
99–46, 1999–37 I.R.B. *415*
99–47, 1999–36 I.R.B. *391*
99–48, 1999–38 I.R.B. *429*
99–49, 1999–39 I.R.B. *436*
99–50, 1999–40 I.R.B. *444*
99–51, 1999–40 I.R.B. *447*

Proposed Regulations:

REG–252487–96, 1999–34 I.R.B. *303*
REG–101519–97, 1999–29 I.R.B. *114*
REG–107069–97, 1999–36 I.R.B. *346*
REG–106010–98, 1999–40 I.R.B. *493*
REG–106527–98, 1999–34 I.R.B. *304*
REG–108287–98, 1999–28 I.R.B. *27*
REG–113526–98, 1999–37 I.R.B. *417*
REG–113909–98, 1999–30 I.R.B. *125*
REG–116733–98, 1999–36 I.R.B. *392*
REG–116991–98, 1999–32 I.R.B. *242*

[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 1999–1 through 1999–26 will be found in Internal Revenue Bulletin 1999–27, dated July 6, 1999.

Proposed Regulations—Continued

REG–121946–98, 1999–36 I.R.B. *403*
REG–105237–99, 1999–35 I.R.B. *331*
REG–105327–99, 1999–29 I.R.B. *117*
REG–105565–99, 1999–37 I.R.B. *419*

Revenue Procedures:

99–28, 1999–29 I.R.B. *109*
99–29, 1999–31 I.R.B. *138*
99–30, 1999–31 I.R.B. *221*
99–31, 1999–34 I.R.B. *280*
99–32, 1999–34 I.R.B. *296*
99–33, 1999–34 I.R.B. *301*
99–34, 1999–40 I.R.B. *450*
99–35, 1999–41 I.R.B. *501*

Revenue Rulings:

99–29, 1999–27 I.R.B. *3*
99–30, 1999–28 I.R.B. *24*
99–31, 1999–37 I.R.B. *410*
99–32, 1999–31 I.R.B. *135*
99–33, 1999–34 I.R.B. *251*
99–34, 1999–33 I.R.B. *247*
99–35, 1999–34 I.R.B. *278*
99–36, 1999–35 I.R.B. *319*
99–37, 1999–36 I.R.B. *336*
99–38, 1999–36 I.R.B. *335*
99–39, 1999–38 I.R.B. *424*
99–40, 1999–40 I.R.B. *441*
99–41, 1999–40 I.R.B. *439*
99–42, 1999–41 I.R.B. *497*

Treasury Decisions:

8822, 1999–27 I.R.B. *5*
8823, 1999–29 I.R.B. *34*
8824, 1999–29 I.R.B. *62*
8825, 1999–28 I.R.B. *19*
8826, 1999–29 I.R.B. *107*
8827, 1999–30 I.R.B. *120*
8828, 1999–30 I.R.B. *120*
8829, 1999–32 I.R.B. *235*
8830, 1999–38 I.R.B. *430*
8831, 1999–34 I.R.B. *264*
8832, 1999–35 I.R.B. *315*
8833, 1999–36 I.R.B. *338*
8834, 1999–34 I.R.B. *251*
8835, 1999–35 I.R.B. *317*
8836, 1999–37 I.R.B. *411*
8837, 1999–38 I.R.B. *426*
8838, 1999–38 I.R.B. *424*
8839, 1999–41 I.R.B. *498*

Finding List of Current Action on Previously Published Items[1]

Bulletins 1999–27 through 1999–41

Announcements:

99–59
Corrected by
Ann. 99–67, 1999–28 I.R.B. *31*

Notices:

83–10
Modified by
Notice 99–44, 1999–35 I.R.B. *326*

96–64
Modified by
Notice 99–40, 1999–35 I.R.B. *324*

97–26
Modified by
Notice 99–41, 1999–35 I.R.B. *325*

97–50
Modified and superseded by
Notice 99–41, 1999–35 I.R.B. *325*

97–73
Modified by
Notice 99–37, 1999–30 I.R.B. *124*

98–7
Modified by
Notice 99–37, 1999–30 I.R.B. *124*

98–46
Modified by
Notice 99–37, 1999–30 I.R.B. *124*

98–47
Modified and superseded by
Notice 99–41, 1999–35 I.R.B. *325*

98–54
Modified by
Notice 99–37, 1999–30 I.R.B. *124*

98–59
Modified by
Notice 99–37, 1999–30 I.R.B. *124*

Proposed Regulations:

REG–208156–91
Corrected by
Ann. 99–65, 1999–27 I.R.B. *9*

Revenue Procedures:

65–17
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

65–31
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

70–23
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

71–35
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

72–22
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

Revenue Procedures—Continued

72–46
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

72–48
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

72–53
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

89–48
Obsoleted (after Jan. 31, 2000) by
Notice 99–42, 1999–35 I.R.B. *325*

89–49
Obsoleted (after Jan. 31, 2000) by
Notice 99–42, 1999–35 I.R.B. *325*

96–9
Superseded by
Rev. Proc. 99–28, 1999–29 I.R.B. *109*

97–19
Modified by
Notice 99–41, 1999–35 I.R.B. *325*

98–22
Clarified and supplemented by
Rev. Proc. 99–31, 1999–34 I.R.B. *280*

98–35
Superseded by
Rev. Proc. 99–29, 1999–31 I.R.B. *138*

98–37
Superseded by
Rev. Proc. 99–34, 1999–40 I.R.B. *450*

Revenue Rulings:

77–475
Modified and superseded by
Rev. Rul. 99–40, 1999–40 I.R.B. *441*

82–80
Superseded by
Rev. Proc. 99–32, 1999–34 I.R.B. *296*

84–58
Modified and superseded by
Rev. Rul. 99–40, 1999–40 I.R.B. *441*

88–98
Modified and superseded by
Rev. Rul. 99–40, 1999–40 I.R.B. *441*

99–23
Corrected by
Ann. 99–89, 1999–36 I.R.B. *408*

Treasury Decisions:

8476
Corrected by
Ann. 99–74, 1999–30 I.R.B. *133*

8742
Corrected by
Ann. 99–73, 1999–30 I.R.B. *133*

8793
Corrected by
Ann. 99–75, 1999–30 I.R.B. *134*

8805
Corrected by
Ann. 99–66, 1999–27 I.R.B. *9*

Treasury Decisions—Continued

8806
Corrected by
Ann. 99–84, 1999–33 I.R.B. *248*

8819
Corrected by
Ann. 99–47, 1999–28 I.R.B. *29*

8823
Corrected by
Ann. 99–86, 1999–35 I.R.B. *332*

[1] A cumulative finding list of actions published in Internal Revenue Bulletins 1999–1 through 1999–26 will be found in Internal Revenue Bulletin 1999–27, dated July 6, 1999.

Notes

Notes

Superintendent of Documents Publications and Subscriptions Order Form

New Deposit Account? Check here ☐

Order processing code: *3119

NOTE: All prices include regular domestic postage and handling. Subscription prices are subject to change at any time. International customers, please add 25%. To fax your orders (202) 512-2250.

Publications

Qty.	Stock Number	Title	Price Each	Total Price
	021-066-00909-2	Subject Bibliography listing Cum. Bulletins prior to 1988 SB 066	FREE	FREE
	048-004-02277-0	Cum. Bulletin 1988-1 (Jan-June)	$42	
	048-004-02279-6	Cum. Bulletin 1988-2 (July-Dec)	$41	
	048-004-02291-5	Cum. Bulletin 1988-3	$40	
	048-004-02286-9	Cum. Bulletin 1989-1 (Jan-June)	$44	
	048-004-02292-3	Cum. Bulletin 1989-2 (July-Dec)	$40	
	048-004-02295-8	Cum. Bulletin 1990-1 (Jan-June)	$38	
	048-004-02300-8	Cum. Bulletin 1990-2 (July-Dec)	$41	
	048-004-02305-9	Cum. Bulletin 1991-1 (Jan-June)	$44	
	048-004-02309-1	Cum. Bulletin 1991-2 (July-Dec)	$45	
	048-004-02310-5	Cum. Bulletin 1992-1 (Jan-June)	$51	
	048-004-02317-2	Cum. Bulletin 1992-2 (July-Dec)	$47	
		Total for Publications		

Subscriptions

Qty.	List ID	Title	Price Each	Total Price
	N 924	Priority Announcements for Accountants	FREE	FREE
	IRB	Internal Revenue Bulletin	$121	
		Optional—Add $50 to open new Deposit Account and please check box in upper right corner		
		Total Cost of Order		

FREE Priority Announcement Service

You can find out about new publications for tax practitioners and accountants—as they are released—through our FREE Priority Announcement Service. See above.

FUTURE EDITIONS of Internal Revenue Cumulative Bulletins are available through "STANDING ORDER SERVICE." Get these future editions—automatically—without having to initiate a purchase order.

AUTHORIZATION FOR STANDING ORDER SERVICE

I hereby authorize the Superintendent of Documents to charge my:

☐ VISA, ☐ MasterCard, or ☐ Superintendent of Documents Deposit Account for the Standing Order item below selected and shipped to me.

Authorizing signature (Standing Orders not valid unless signed.)

Please print or type your name.

Office Phone Number (_____) __________

Qty.	Standing Order	Title
	ZIRSC	Internal Revenue Cumulative Bulletins

GPO DEPOSIT ACCOUNT

A Deposit Account will enable you to use Standing Order Service to receive subsequent volumes quickly and automatically. For an initial deposit of $50 you can establish your GPO Deposit Account.

☐ **YES!** Open a Deposit Account for me so I can order future publications quickly and easily. I'm enclosing the $50.00 initial deposit.

For privacy protection, check the box below:

☐ Do not make my name available to other mailers

Check method of payment:

☐ Check payable to Superintendent of Documents

☐ GPO Deposit Account ☐☐☐☐☐☐☐ – ☐

☐ VISA or MasterCard Account

☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

☐☐☐☐ (Credit card expiration date)

Thank you for your order!

(Authorizing Signature) 4/93

Purchase Order No. __________

(If purchase order included.)

Please type or print

(Company or Personal Name)

(Additional address/attention line)

(Street address)

(City, State, ZIP Code)

(Daytime phone including area code)

Mail To: Superintendent of Documents P.O. Box 371954, Pittsburgh, PA 15250-7954

Standing Order Service

Just sign the authorization above to charge selected items to your existing Deposit Account, VISA, or MasterCard account. Or open a Deposit Account with an initial deposit of $50 or more. Your account will be charged only as each volume is issued and mailed. Sufficient money must be kept in your account to insure that items are shipped.

Standing Orders remain in effect until canceled in writing (telephone cancellations are accepted but must be followed up with a written cancellation within 10 days) or canceled by the Superintendent of Documents.

Service begins with the next issue released of each item selected. An acknowledgment card is sent for each Standing Order item selected.

INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletin is sold on a yearly subscription basis by the Superintendent of Documents. Current subscribers are notified by the Superintendent of Documents when their subscriptions must be renewed.

CUMULATIVE BULLETINS

The contents of this weekly Bulletin are consolidated semiannually into a permanent, indexed, Cumulative Bulletin. These are sold on a single copy basis and *are not* included as part of the subscription to the Internal Revenue Bulletin. Subscribers to the weekly Bulletin are notified when copies of the Cumulative Bulletin are available. Certain issues of Cumulative Bulletins are out of print and are not available. Persons desiring available Cumulative Bulletins, which are listed on the reverse, may purchase them from the Superintendent of Documents.

HOW TO ORDER

Check the publications and/or subscription(s) desired on the reverse, complete the order blank, enclose the proper remittance, detach entire page, and mail to the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. Please allow two to six weeks, plus mailing time, for delivery.

WE WELCOME COMMENTS ABOUT THE INTERNAL REVENUE BULLETIN

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can e-mail us your suggestions or comments through the IRS Internet Home Page (www.irs.ustreas.gov) or write to the IRS Bulletin Unit, OP:FS:FP:P:1, Room 5617, 1111 Constitution Avenue NW, Washington, DC 20224.
